



STEPHEN F. AUSTIN  
STATE UNIVERSITY

---

NACOGDOCHES, TEXAS

**Testimony to the  
House Higher Education Committee**

Dr. Scott Gordon, President

March 4, 2021



**STEPHEN F. AUSTIN STATE UNIVERSITY** is proud of its mission as a regional public comprehensive university located in Nacogdoches. We are dedicated to excellence in teaching, research, scholarship, creative work, and service. SFA continues to increase its graduation rate and educate more at-risk students while reducing time-to-degree as well as student debt.

Seventy percent of SFA graduates are classified as at-risk students. Yet, since 2019, SFA has made some remarkable progress in its goal to serve students as identified in the Texas Higher Education Coordinating Board's Almanac.

- Average student debt has decreased by almost 31% from \$39,436 to \$27,319.
- Time-to-degree has decreased from 4.5 years to 4.4 years.
- Average number of semester credit hours (SCH) of graduates has decreased from 132 SCH to 130 SCH.

Other performance measures of note are:

- The four-year graduation rate for full-time students has increased from 35.2% to 36.5%.
- The six-year graduation rate for full-time students has increased from 52.1% to 53.4%.
- Between fall 2019 and fall 2020, the overall one-year retention rate for first-time, full-time freshmen increased from 70% to approximately 77%.

Throughout the university, faculty and staff provide personal attention, engaging students in a learner-centered environment and offering opportunities to prepare for the challenges of living in the global community. SFA benefits the East Texas community and the State of Texas by providing a high quality, affordable education.



## AFFORDABILITY AND ACCESS

- SFA offers a flat rate for tuition and fees of \$5,300 per semester for 12 or more hours. This allows students to take more classes without increasing their costs.
- Two academic programs (History and Psychology) offer classes that only use Open Education Resources (OER), which means students do not need to pay for textbooks. With the increasing use of OER, SFA hopes to provide more classes and programs of study with little or no cost for instructional materials.
- SFA has implemented 8-week accelerated courses to better meet the needs of students' schedules, thus allowing students to take more courses in an accelerated time frame.
- Additionally, the Lumberjacks FLEX model was introduced. This offers the maximum flexibility for students, providing a robust set of options in course modality. Faculty evaluated the best way to deliver quality learning experiences, given course content and objectives, room capacity, and safety. The five main ways SFA offers courses include face-to-face instruction, online (course content available at any time), livestream (with real-time interaction with faculty and other students), hybrid (a blend of face-to-face, online and livestream with some attendance required), and HyFlex (students are given the option to attend face-to-face, online or livestream). These enhanced course modalities give students control of their educational experience and allow education to continue even in the midst of the pandemic.
- Financial aid also plays a significant role in making college more affordable to students. Prior to the enormous changes associated with COVID-19 in fiscal year 2020, approximately 77% of SFA students received financial aid, amounting to a total disbursement of \$145.8 million, \$76.9 million in gift aid and \$68.8 million in loan funds. This includes 4,633 students, who received \$21.5 million in Pell Grants. In addition, SFA students received more than \$9.6 million in Texas Grant awards. Of the total awarded, \$3.8 million was provided to initial recipients and \$5.8 million for returning students' renewals.
- In an effort to reduce costs, SFA has been diligent in increasing efficiency through energy conservation. In fact, SFA has completed three energy performance contract phases that have resulted in a 27.9% reduction in electricity consumption and a 16.7% reduction in natural gas consumption. In addition, SFA reduced water consumption by 26.4%.
- SFA appreciates the sacrifice and service of veterans and their families. However, the Hazlewood Act tuition and fee exemption for military veterans, their children, and qualifying spouses presents a significant and mounting cost to all Texas institutions of higher education. During the fiscal year 2020, veterans and dependents received the Hazlewood Exemption totaling over \$5.9 million. This represents an increase of 23.8% from fiscal year 2019. Of the total Hazlewood Exemption, Hazlewood Legacy was \$5,018,405 for fiscal year 2020. The General Revenue funds distributed in fiscal years 2016 through 2020 assisted in covering previous year's Hazlewood Exemptions; however, the growing enrollment of those who are eligible for the exemption requires institutions to seek alternative methods for covering the cost of this exemption. We hope that the legislature will help institutions find funding solutions to this growing challenge.

# PANDEMIC COSTS AND OPERATIONS

The proliferation of COVID-19 presented an enormous challenge to the safety of SFA students, staff, and faculty. This caused a significant disruption in course modality, enrollment, and student housing.

- On March 16 and 17, SFA faculty hurriedly changed the modality of course delivery for nearly 2,600 courses in only two days. Furthermore, all university faculty and staff were encouraged to telecommute.
- Since students were no longer able to live on campus in close quarters due to the highly contagious nature of the virus, SFA refunded approximately \$9.1 million to students for housing, meals, recreation center, and student center payments for spring 2020.
- The volatile nature of the virus impacted the enrollment plans for both new and continuing students. To accommodate fiscal year 2021 revenue uncertainty, SFA budgeted a 5% revenue decline from fiscal year 2020 to fiscal year 2021. The actual mandatory tuition and fee revenue decline for the fiscal year fall and spring semesters was nearly \$4.2 million.

As the state's financial situation became more difficult with the loss of state revenue, state agencies including universities were asked to make a 5% reduction in the current 2020-21 biennium. This resulted in a \$3.265 million

reduction in state-appropriated general revenue to SFA. In order to address the 5% reduction and other financial losses, SFA implemented the following measures:

- a hiring freeze
- the elimination of certain positions
- the elimination of non-essential travel
- enacting vacation furloughs for staff members (10 days in FY20, 12 days in FY21)
- minimizing discretionary expenditures
- sweeping certain FY20 funds
- reducing additional operational expenses
- and offering a voluntary separation incentive program for faculty and staff for FY21.

The pandemic has created a volatile economic environment. Families are experiencing unemployment, students have increased financial needs, and state revenues are lagging. Likewise, the university will experience additional costs associated with maintaining safety protocols, which include aggressive sanitization and hygiene protocols as recommended by authorities as well as increased custodial health cleaning.

The CARES Act provided slightly over \$10.5 million. Of this:

- \$5.2 million was mandated to be awarded to students as emergency aid

- \$2.6 million was allocated to instructional classroom technology upgrades
- and \$2.6 million was allocated to FY21 budget support.

SFA received additional funding (\$513,425) from the Strengthening Institutional Programs component of the CARES Act, which was allocated to FY21 budget support.

SFA also benefited by receiving \$1.92 million from the Governor's Emergency Education Relief (GEER) funds for financial aid support for our students. We anticipate that additional GEER funds will provide support in the form of Emergency Educational Grants and will enhance online learning experiences.

The university has been awarded \$17.1 million from the Higher Education Emergency Relief Fund (HEERF) in the second round of CARES Act Funding. The HEERF II funds will be allocated in association with federal award guidelines that include student financial aid and institutional support.

Higher education can be a vehicle for economic recovery. Many people have lost jobs due to the pandemic; therefore, there is a need to retrain workers. SFA has proven to be a valuable educational resource for the state and is poised to help workers improve their skills to re-enter the workforce.

# COVID-19 IMPACT ASSESSMENT

	2020 \$Millions	2021 \$Millions <sup>1</sup>	Total \$Millions
<b>Change in Revenues Attributed to COVID:</b>			
Net Student Tuition and Fees	\$ (1.256)	\$ (2.377)	\$ (3.633)
Auxiliary Enterprises (Housing, Dining, Parking, etc.)	(8.392)	(9.824)	(18.216)
Legislative Revenue Claw-back	(1.632)	(1.633)	(3.265)
<b>Estimated COVID Revenue Gap</b>	<b>\$ (11.280)</b>	<b>\$ (13.834)</b>	<b>\$ (25.114)</b>
<b><u>Change in Operating Expenditures Attributed to COVID</u></b>			
<b>Cost Decreases Due to COVID:</b>			
Travel	(1.269)	(2.361)	(3.630)
Mandatory Vacation Furlough (to reduce Accrued Compensable Absences)	(0.750)	(1.440)	(2.190)
Dining Services Expenses	(2.231)	(3.213)	(5.444)
<b>Cost Increases Due to COVID:</b>			
Voluntary Separation Incentive Program (VSIP) Incremental Costs		1.335	1.335
CARES Used for Online Instruction Technology	0.637	0.779	1.416
CARES Reserved for Online Instruction Technology		1.184	1.184
Materials and Supplies Increase Related to COVID	0.256	0.077	0.332
<b>Net Reduction Operating Expenses Related to COVID</b>	<b>\$ (3.358)</b>	<b>\$ (3.639)</b>	<b>\$ (6.997)</b>
<b>Net Estimated COVID Revenue Gap</b>	<b>\$ (7.923)</b>	<b>\$ (10.194)</b>	<b>\$ (18.117)</b>
<b>Federal COVID Related Institutional Funding:</b>			
CARES Relief Funding - Higher Education Emergency Relief Fund I (HEERF I) <sup>2</sup>	\$ 5.776		\$ 5.776
<b>Total Federal COVID Related Institutional Funding</b>	<b>\$ 5.776</b>		<b>\$ 5.776</b>
<b>Net Estimated COVID Operating Gap<sup>3</sup></b>	<b>\$ (2.147)</b>	<b>\$ (10.194)</b>	<b>\$ (12.341)</b>

<sup>1</sup> Estimated Fiscal Year 2021

<sup>2</sup> The university has been awarded \$17.1 million from the Higher Education Emergency Relief Fund II in the second round of CARES Act funding. The HEERF II funds will be allocated in association with federal award guidelines that include student financial aid and institutional support.

<sup>3</sup> Estimated major variances due directly to COVID-19

*Data in this chart is subject to change but is accurate as of Feb. 11, 2021.*

# EXCEPTIONAL ITEMS REQUEST

## RESTORATION OF THE 5% BIENNIAL REDUCTION

We understand the fiscal challenges that the State of Texas is facing in the wake of COVID-19 and know that difficult decisions need to be made. However, SFA can be a source of economic growth for the state if its operations are not significantly hindered by excessive financial

constraints. Therefore, we respectfully request that consideration be given to restoring the 5% reduction (\$402,990) made during the FY 2022-23 biennium.

## INTERDISCIPLINARY AND APPLIED SCIENCES BUILDING (\$53 MILLION CAPITAL FUNDING REQUEST)

SFA requests state support to build a \$53 million Interdisciplinary and Applied Sciences Building. This building will provide contemporary laboratories and classrooms for multiple cooperating and interdependent academic programs and will require capital construction annual debt service of approximately \$9,241,564 over the biennium.

The university understands the extraordinary challenge of the state's current budget situation. Nevertheless, support for capital projects continues to be a need as academic programs grow and adjust to new industry standards. The state's ongoing support of facilities is greatly appreciated, and SFA values our ongoing partnership with the state to meet the needs of Texas' students. We, therefore, are submitting an Interdisciplinary and Applied Sciences capital request, which will advance the economic impact of higher education by training students to be productive members of the workforce.

Interdisciplinary and applied sciences are critical disciplines for economic growth in Texas. This is especially true in rural communities across the state where animal agriculture, life sciences, and applied engineering technologies have outstanding potential for growth in production, employment, and economic contribution.

SFA is known internationally for its outstanding teaching, research, and service programs in life sciences and related disciplines. Demand for



graduates with bachelor's and master's degrees has been strong in recent years, and projections show a much greater need in these workforce areas in the future. It is imperative that SFA has access to modern resources and facilities to produce society-ready, skilled professionals capable of meeting the future demand for skilled employment across our state and nation.

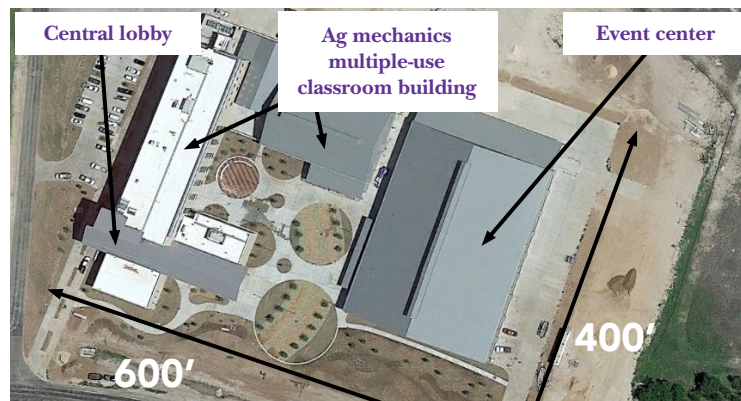


## EXCEPTIONAL ITEMS REQUEST CONTINUED

### AGRICULTURE AND TECHNOLOGY COMPLEX (\$45 MILLION CAPITAL FUNDING REQUEST)

SFA has strong academic programs in agriculture and technology housed in inadequate facilities that are unable to facilitate the level of instruction needed by 21st century students and skills desired by their prospective employers. Existing laboratories and basic educational and general spaces are old and outdated. Extensive renovation and repurposing is required for 21st century instruction, research, and service in these critical fields.

The proposed Agriculture and Technology Complex would include a 30,000-square-foot teaching arena with an attached 24,000 square feet of classroom space. These facilities will contain agricultural engineering technology and industrial engineering technology programs. The facility also will allow expansion of programs including advanced manufacturing, industrial supervision, construction supervision, construction management, industrial engineering, wholesale



and manufacturing representation, and veterinary technology.

Life sciences and applied engineering technologies are critical disciplines for economic growth and advancement of economic opportunities in Texas. This is especially true in rural communities across the state where animal agriculture has outstanding potential for growth in production, employment and economic contribution. Agricultural and industrial engineering technologies are critical to

support an expanding economy in the state, including the expansion of agricultural and manufacturing industries in many areas.

SFA requests state support to build a \$45 million Agriculture and Technology Complex. This will require capital construction annual debt service of approximately \$7,846,610 over the biennium.

### CENTER FOR APPLIED RESEARCH AND RURAL INNOVATION (\$2 MILLION)

SFA proposes to expand its presence in the region and Texas through the creation of the Center for Applied Research and Rural Innovation. The center will bring faculty and students together with business, industry, education, and community partners in dynamic, interactive environments. Through these interactions, students will learn how to use their skills to work in teams with other students from multiple disciplines in order to solve complex real-world problems for rural and smaller communities. This will provide hands-on experience that will serve as the culmination of a student's education.

In partnering with enterprises outside the university, students will build relationships that will lead to job opportunities upon graduation. Under the supervision of a faculty member, students will use the community as a kind of laboratory for their instruction. They will work with students from multiple disciplines to identify problems encountered by the community and will develop a research project to solve the issues they encounter. Thus, the student's education is enhanced by working side by side with an experienced faculty member, other students, and the community.